

Charges for training, telephone assistance, installation and consultation are exempt if they are separately stated from the selling price of canned software. See Section 130.1935. (This is a GIL.)

December 31, 1998

Dear Ms. Xxxxx:

This letter is in response to your letter dated September 1, 1998. The nature of your letter and the information you have provided require that we respond with a General Information Letter which is designed to provide general information, is not a statement of Department policy and is not binding on the Department. See 86 Ill. Adm. Code 1200.120(b) and (c), enclosed.

In your letter, you have stated and made inquiry as follows:

As you may know, COMPANY is a nationally known provider of sales tax compliance software systems.

We are researching the taxability of cancellation charges assessed to a customer who does not attend a scheduled training class. The training classes are offered to all customers purchasing canned software. These training classes are optional and the customer is billed separately for these classes.

Additional classes are also offered that are not related to the sale of canned software. Cancellation fees are also assessed if the customer does not attend.

Could you please review the enclosed information, including the state contact name and address, and make any changes you feel are necessary? The state contact information will help us establish a primary contact for your state on these issues. We are requesting written verification of this information and ask that you return the form to us via fax. Our fax number is ####. Please supply the taxability of the charges as indicated on the chart and also the State Statute or Regulation that applies.

Your response by September 11, 1998 would be most appreciated. By keeping our database current, your taxing jurisdiction will also benefit because the taxpayer will find that compliance is easier. If you have any questions concerning this request, please do not hesitate to call me at ####.

Our Internet address is ####, I encourage you to browse our site and feel free to send any feedback to my attention at ####.

Thank you for your time. We value your continued assistance with our research.

Sales of "canned" computer software are taxable retail sales in Illinois. See the enclosed copy of 86 Ill. Adm. Code 130.1935. If the computer software consists of custom computer programs, then the sales of such software are not taxable retail sales. See subsection (c) of Section 130.1935. Charges for training, telephone assistance, installation and consultation are exempt if they are separately stated from the selling price of canned software. See subsection (b) of Section 130.1935. Cancellation charges are generally not subject to Retailers' Occupation Tax.

I hope this information is helpful. The Department of Revenue maintains a Web site which can be accessed at [www.revenue.state.il.us](http://www.revenue.state.il.us). If you have further questions related to the Illinois sales tax laws, please contact the Department's Taxpayer Information Division at (217) 782-3336.

If you are not under audit and you wish to obtain a binding Private Letter Ruling regarding your factual situation, please submit all of the information set out in items 1 through 8 of the enclosed copy of Section 1200.110(b).

Very truly yours,

Gina Roccaforte  
Associate Counsel

GR:msk  
Enc.